

Message Text

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GENEVA FOR USMTN

E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: THIRD SENIOR REVIEW COMMITTEE MEETING, JULY 24

REF: (A) TOKYO 7103; (B) TOKYO 8387; (C) STATE 154922;
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(D) STATE 155598

1. SUMMARY: THIS MESSAGE OUTLINES OUR PRELIMINARY THINK-
ING ON OUR APPROACH TO THIS MEETING AND INVITES EMBASSY
IDEAS. END SUMMARY.

2. WE VISUALIZE THREE MAIN OBJECTIVES: (A) TO PRESS FOR

MORE EFFECTIVE TFC PERFORMANCE ON MARKET ACCESS CASES;
(B) TO PRESS FOR ACTION ON SELECTED INDIVIDUAL CASES AND
(C) TO REVIEW WITH THE GOJ PROSPECTIVE EXPORT DEVELOPMENT
ACTIVITIES.

3. RE TFC EFFECTIVENESS, IT IS APPARENT FROM EMBASSY REPORTING (E.G. REF A, REF B) AND RECENT CONVERSATIONS HERE WITH GOJ OFFICIALS (REF D) THAT THERE IS SIGNIFICANT DIVERGENCE BETWEEN USG AND GOJ INTERPRETATIONS OF POINT ONE OF THE TFC TERMS OF REFERENCE (I.E., "CONSIDER INFORMATION ON SPECIFIC DIFFICULTIES CONCERNING JAPANESE TRADE PRACTICES OR PROCEDURES ENCOUNTERED BY U.S. COMPANIES IN INITIATING OR EXPANDING THEIR SALES TO THE JAPANESE

MARKET...AND EXPLORE THE POSSIBILITY OF REDUCTION OR ELIMINATION OF SUCH DIFFICULTIES").

4. WE SHOULD LIKE TO GAIN GOJ AGREEMENT WITH OUR VIEW THAT THE OVERALL OBJECTIVE OF THE TFC AS STATED IN THE PREAMBLE TO THE TFC TERMS OF REFERENCE, IS "TO FACILITATE THE GROWTH OF JAPAN'S IMPORTS FROM THE UNITED STATES, AS WELL AS OTHER COUNTRIES." A PRINCIPAL MEANS OF ACHIEVING THIS OBJECTIVE IS THROUGH THE RESOLUTION OF MARKET ACCESS PROBLEMS RAISED IN THE TFC ON BEHALF OF U.S. EXPORTERS (POINT ONE OF TERMS OF REFERENCE). POINT ONE WAS AMPLIFIED IN THE STRAUSS/USHIBA STATEMENT OF JANUARY 13, VIZ., LIMITED OFFICIAL USE

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THE TFC WOULD "RESOLVE CONCRETE PROBLEMS ENCOUNTERED IN TRADE WITH JAPAN INCLUDING THE AIM OF OVERCOMING NON-TARIFF BARRIERS BY APPLYING LIBERAL APPROACH." CONSEQUENTLY, THE TFC SHOULD BE ABLE TO DEAL WITH ANY GOJ "PRACTICES OR PROCEDURES" THAT SIGNIFICANTLY LIMIT TRADE RATHER THAN BE CONFINED TO THOSE SPECIFICALLY DIRECTED AT TRADE. (MOST OF THE MARKET ACCESS COMPLAINTS RECEIVED IN WASHINGTON TO DATE REFER TO GOJ DOMESTIC ACTIONS THAT -- INTENTIONALLY OR NOT -- HAVE IMPORT RESTRICTIVE EFFECTS.)

5. IN OUR VIEW, THE RESOLUTION OF MARKET ACCESS IMPEDIMENTS IS CRUCIAL TO THE ACHIEVEMENT OF THE TFC OBJECTIVE. OUR VERY SUCCESSFUL COOPERATION IN TRADE DEVELOPMENT ACTIVITIES (IKEDA MISSION, JETRO/USDOC SEMINARS, ETC.) TO ENCOURAGE AMERICAN COMPANIES TO SELL ACTIVELY IN JAPAN WILL NOT HAVE THE INTENDED RESULTS IF U.S. COMPANIES FIND ACCESS TO JAPANESE MARKET LIMITED BY GOJ PRACTICES OR PROCEDURES. ON THE OTHER HAND, IF THE TFC EFFECTIVELY SOLVES A WIDE VARIETY OF ACCESS PROBLEMS SUBMITTED TO IT, THIS SUCCESS WILL NOT ONLY ASSIST THE FIRMS DIRECTLY INVOLVED, BUT WILL CONVINCE MANY OTHER FIRMS OF JAPAN'S SERIOUS INTENT TO OPEN ITS MARKET AND ENCOURAGE THEM TO

RENEW THEIR MARKETING EFFORTS. AS ONE ILLUSTRATION,
POSITIVE GOJ DECISIONS ON TWO TFC MEDICAL PRODUCT CASES
(ABBOTT LABS, CORDIS DOW) COULD ENHANCE THE PARTICIPATION
OF AMERICAN COMPANIES IN THE MEDICAL EQUIPMENT SHOW
SCHEDULED AS THE FIRST MAJOR EVENT IN THE NEW U.S. TRADE
CENTER IN THE WORLD IMPORT MART.

6. WE BELIEVE THE TFC IS NOT NOW ACCOMPLISHING THESE PURPOSES. (FYI: WE RECOGNIZE THAT PART OF THIS PROBLEM GROWS OUT OF OUR DIFFICULTY IN ASSEMBLING VALID CASES FOR SUBMISSION TO TFC, AND THIS ASPECT OF PROBLEM IS FOR USG TO SOLVE. BUT WE BELIEVE THAT THE TFC MECHANISM MUST ALSO BE STRENGTHENED AND THAT THIS TASK IS ONE FOR GOJ.) WE WISH TO PRESS THE GOJ TO CONSIDER HOW THE TFC APPROACH CAN

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BE BROADENED AND SPEEDED UP SO THAT IT WILL ACHIEVE ITS OBJECTIVE.

7. THE QUESTION OF WHAT INDIVIDUAL TFC CASES TO PURSUE IN THE COURSE OF THE SENIOR REVIEW COMMITTEE MEETING AND/OR DURING ASSISTANT SECRETARY WEIL'S CALLS ON OTHER GOJ AGENCIES, AS SUGGESTED REF C, CAN BE DECIDED AT A LATER TIME TAKING ACCOUNT OF THE STATUS OF INDIVIDUAL CASES AS THE DATE OF THE MEETING APPROACHES.

8. REVIEW OF EXPORT DEVELOPMENT PLANS WOULD INCLUDE PLANS FOR THE NEW RELOCATED U.S. TRADE CENTER, THE FORTH-COMING EXPORT DEVELOPMENT MISSIONS, AND OTHER PENDING PROJECTS IN THIS AREA.

A. ACTION REQUESTED: EMBASSY REQUESTED TO COMMENT ON ABOVE SOONEST. VANCE

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